

*These notes refer to the Income Tax (Earnings and Pensions)
Act 2003 (c.1) which received Royal Assent on 6th March 2003*

INCOME TAX (EARNINGS AND PENSIONS) ACT 2003

EXPLANATORY NOTES

COMMENTARY ON SECTIONS

Example 3

Ne = £5,000; Da = 183; De = 183; Smg = 0

Part 9: Pension Income

Overview

Chapter 5: United Kingdom social security pensions

Overview

2315. This Chapter identifies certain social security benefits as pension income. These are pensions that are paid in the form of social security benefits.

Section 577: United Kingdom social security pensions

2316. This section identifies the six United Kingdom social security benefits taxed as pension income.

2317. ICTA does not impose a specific charge on these social security benefits. They are taxed either by section 617 of ICTA as social security benefits or by paragraph 2 of Schedule E (section 19(1) of ICTA) as a pension.

2318. The charge on industrial death benefit and graduated retirement benefit derives from paragraph 2 of Schedule E (section 19(1) of ICTA). The charge on the other benefits derives from section 617(1) of ICTA.

2319. *Subsection (2)* describes each of the benefits by reference to the relevant provisions of the National Insurance Act 1965, the Social Security Contributions and Benefits Act 1992 and their Northern Ireland equivalents.

2320. The subsection includes all three categories of state retirement pension. Category A pensions are paid in respect of a person's own contributions. Category B pensions are paid in respect of the person's spouse's contributions. Category D pensions are payable to persons over 80 years of age who do not qualify for a Category A or B pension.

Section 578: Taxable pension income

2321. This section sets out the basis of assessment. It identifies the amount of taxable pension income, which feeds into the computation of net taxable pension income in section 567.

*These notes refer to the Income Tax (Earnings and Pensions)
Act 2003 (c.1) which received Royal Assent on 6th March 2003*

2322. The section derives from section 41 of FA 1989. That section provides that income taxed by paragraph 3 of Schedule E (section 19(1) of ICTA) and section 617(1) of ICTA is charged on the amount accruing in the tax year. This means that the charge is calculated on the amount accruing from day to day without regard to when the income is actually paid.

Section 579: Person liable for tax

2323. This section identifies the person chargeable. It is new.
2324. In ICTA this income is taxed under Schedule E. It does not identify the person chargeable. This section identifies the person liable for tax on the benefits within Chapter 5 as the person receiving or entitled to the income. See *Change 135* in Annex 1.